
Management Audit Follow-up: Division of Design & Construction

*Prepared for the Committee on Legislative Research
by the Oversight Division*

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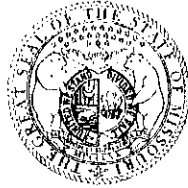
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Members of the Committee on Legislative Research:

As required by statute, we have concluded our follow-up review of the December, 1995 program audit report issued on the Office of Administration, Division of Design and Construction. One year after the completion of a management or program audit, the Oversight Division is required to review the operations of the agency audited to determine whether or not there has been substantial compliance with the recommendations contained in the report.

We are pleased to report that five of the recommendations made by the Oversight Division have been fully implemented, with five recommendations not implemented.

The accompanying report includes the original audit findings and recommendations with our comments regarding their status.

Respectfully,

A handwritten signature in black ink, appearing to read "Jeanne Jarrett".

Jeanne Jarrett, CPA, CGFM
Director, Oversight Division

Introduction

In 1995 the Joint Committee on Legislative Research directed the Oversight Division to conduct a management audit of the Office of Administration, Division of Design and Construction. With an annual operating budget of over \$3 million in fiscal year 1995 for the management of over \$406 million in state capital improvement projects, the division oversees a program for the maintenance and repair and the new construction of state facilities.

The original audit was intended to inform the General Assembly as to whether state resources were being used efficiently and effectively, administered as authorized or required by law, and conformed with legislative intent.

Background

The Office of Administration is the state's service and administrative control agency. Created by the General Assembly on January 15, 1973, it combines and coordinates the central management functions of state government. Its responsibilities were clarified and amended by the Omnibus State Reorganization Act of 1974.

The chief administrative officer is the Commissioner of Administration who is appointed by the Governor with the advice and consent of the Senate. The Commissioner appoints a deputy commissioner and the directors of the eight divisions who are responsible to him through the deputy commissioner. The Division of Design and Construction is one of the divisions.

The Division of Design and Construction (D&C) is responsible for state construction projects. D&C develops and reviews plans and specifications for state construction, selects consulting architects and engineers, conducts in-house design, bids and contracts for construction work, manages construction projects, oversees the expenditures of capital improvement appropriations, provides guidelines, information, and recommendations for capital improvements, and provides technical assistance to state agencies.

RECOMMENDATION TO FINDING #3

Oversight recommended that the Division of Design and Construction develop a more effective procedure of encouraging architectural and engineering firms to submit statements of qualifications and performance data. Some possible procedures were advertising in professional trade journals, establishing by rule or statutory change a deadline for the submission of the Form 254, or an annual mass mailing to all firms that were registered with the Board of Architects, Engineers, and Land Surveyors encouraging those firms wanting to receive state projects to register with D&C.

Status:

Implemented. D&C sent letters to all architectural and engineering firms registered by the Missouri Board of Architects, Engineers, and Land Surveyors to solicit interest from firms, and plans to do so on a periodic basis.

FINDING #4:	The Division of Design and Construction's Project Accounting Management System computer files, the Architects, Contractors, and Engineers database computer files, and individual project files had information that did not always agree to each other.
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RECOMMENDATION TO FINDING #4

Oversight recommended that the Division of Design and Construction compare the documentation in the individual project files to the computer files to ensure that up to date and accurate information is on the systems.

Status:

Implemented. D&C has made an effort to ensure all information is accurate and updated in a timely manner.

FINDING #5: The Division of Design and Construction did not have written procedures for the removal of an architectural, contractual, or engineering firm from Design and Construction's computerized database of architects, contractors, and engineers.

RECOMMENDATION TO FINDING #5

Oversight recommended that the Division of Design and Construction establish written procedures for the removal of an architectural, contractual, or engineering firm from the computerized ACE database. These written procedures should include an annual review of ineligible firms, documentation of the reasons for removal, and verifying that the ineligible firms did not receive a state project.

Status:

Not implemented. D&C has not established written procedures for the removal of architectural, contractual, and engineering firms from the ACE database.

FINDING #6: The Division of Design and Construction should modify the selection process for professional design services to make it more competitive.

RECOMMENDATION TO FINDING #6

Oversight recommended that D&C change the rating process to eliminate the decrease in points for firms currently doing work for the state. In addition, D&C should implement a bidding process that uses costs as a consideration of the top three to six rated firms. Finally, Oversight recommended that a statutory change may need to be considered that would require a competitive bid process for professional design services.

Status:

Not implemented. D&C has not changed the rating or bidding processes.

FINDING #7:	The Division of Design and Construction did not have documentation of pre-proposal meetings with architects/engineers or pre-bid meetings with contractors as specified by the Division's Capital Improvement Policies and Procedures Manual.
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RECOMMENDATION TO FINDING #7

Oversight recommended that D&C adhere to its own procedures as prescribed in the Capital Improvement Policies and Procedures Manual.

Status:

Implemented. D&C has established a standard format for pre-proposal and pre-bid meeting minutes and maintains documentation in the project files.

FINDING #8:	The Division of Design and Construction did not have a formal, written appeals process for the appealing of the award of a state contract.
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RECOMMENDATION TO FINDING #8

Oversight recommended that the Division of Design and Construction develop a formal, written appeals process. This process should include specific time frames. For example, an appeal should be filed within fifteen days of the awarding of a contract. The appeal would be resolved within thirty days of the filing. This process should be developed in cooperation with the Office of Administration, Division of Purchasing to provide a comprehensive and consistent policy.

Status:

Not implemented. D&C has not developed a formal, written appeals process.

FINDING #9:	The Division of Design and Construction did not have a written management policy regarding employee relationships.
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RECOMMENDATION TO FINDING #9

Oversight recommended that the Division of Design and Construction establish a written policy addressing any employee relationships that may arise in the future and review current situations which may be giving the appearance of a conflict of interest.

Status:

Not implemented. D&C has not established a formal, written policy addressing related employees.

FINDING #10:	The Division of Design and Construction should consider expanding the use of the design/build process.
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RECOMMENDATION TO FINDING #10

Oversight recommended that D&C strive to expand the design/build process that includes the combining of architect/engineering firms and contractors for the awarding of state contracts in excess of \$250,000 on an optional basis.

Status:

Not implemented. D&C has not expanded the use of the design/build process.

